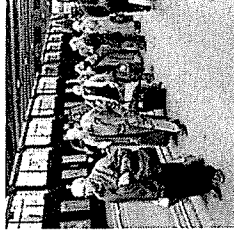
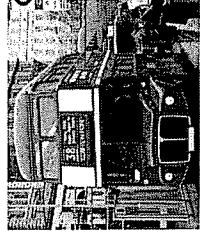
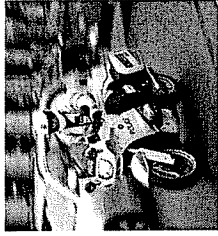
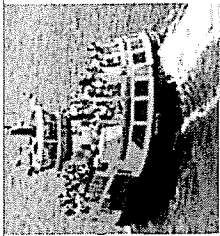


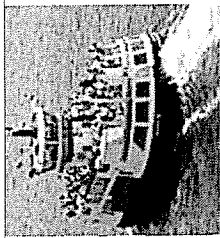
Transportation and Municipal Taxation Structure

Halifax Regional Council
Committee of the Whole
April 14, 2009

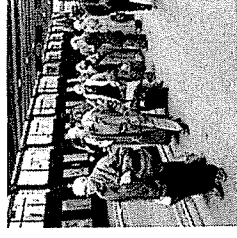
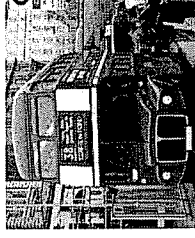
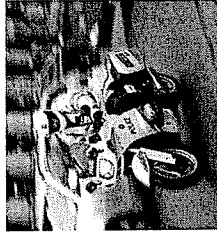
Outline

- Objective
- Why do we need to Change?
- The Options
- Recommended Tax Rates
- Principles:
 - Equity, Transparency, Stability, Competitiveness, Simplicity
 - Consistency
- Next Steps



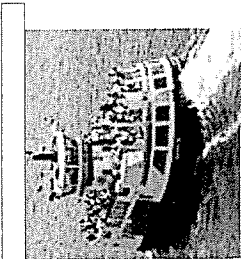


Objective for Today



➤ Timeline:

- June 24th – Request for “new taxation strategy”
- July 8th – Request for report on transit taxation
- December 16th – Motion in “principle” approved
- March 10th – Discussion on Options
- April 14 – COW on **Tax Rates and Service Changes**
- April 28 – Budget Tabled
- May – Budget Debate, Tax Rates voted on



Who Benefits from Transit

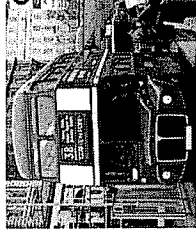
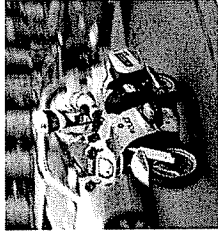


➤ Its not just about those who ride the bus!



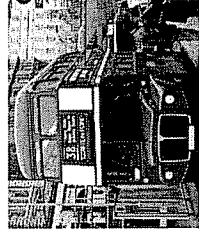
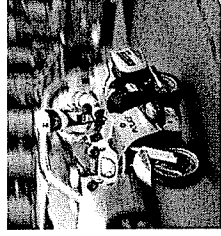
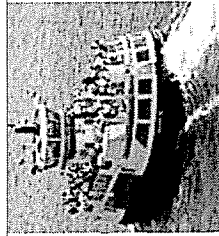
➤ The Benefit is across the municipality

- Less traffic congestion on the roads
- Less pressure to widen the roads, fewer roads to maintain
 - Cost avoidance of \$165m in transportation costs over 25 years
- Fewer greenhouse gases
- Promotes Economic Growth
 - Commercial traffic moves more quickly
 - Residents get to work



Why Do We Need to Change?

- Dissatisfaction with “Who Pays” for Metro Transit Service
- Uncertainty over who should pay for Rural Express Transit
- Small Communities have Difficulty Funding Transit Area Rates
- Municipal Tax rates don’t represent the true cost of transit service



Transit rates don't represent the full cost of transit service

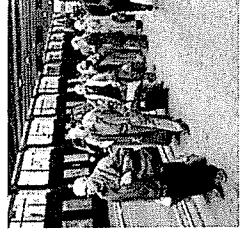
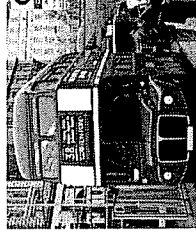
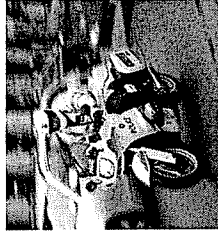
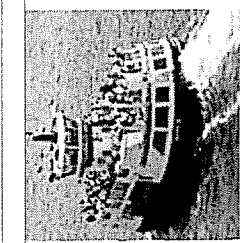
➤ Urban Tax Rate excludes

- Ferry Replacement Reserve
- Capital from Operating
- Surplus/Deficit

Average total cost about \$550 for every home in HRM

➤ Tax Rates based on Assessments

- Assessments have little to do with service levels.
- Wide range of individual tax bills for Transit
 - Ranges from under \$60 to over \$600 per home
 - Cost of annual transit pass is \$840



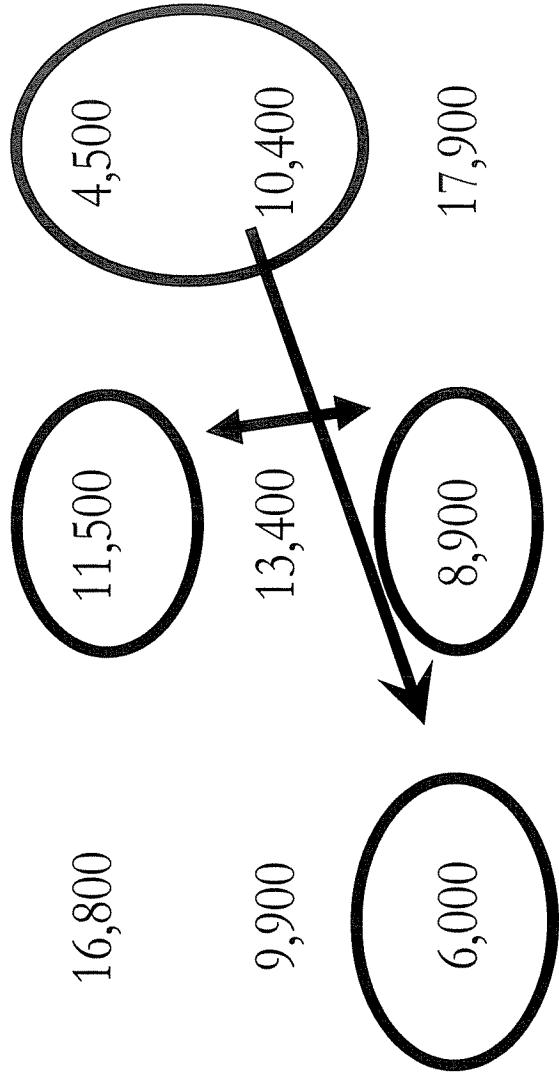
The Link Between Household Income and Home Values (2007)

Low Income (under \$53,000) Middle Income (53k to 92k) High Income (over 92,000)

Low Tax 16,800

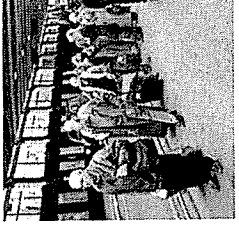
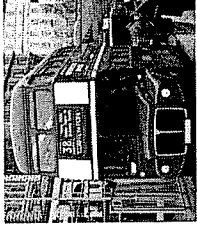
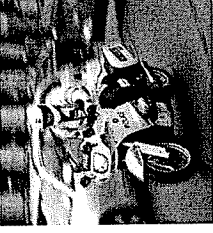
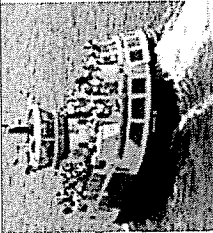
Middle Tax 9,900

High Tax 6,000



Based on 2006 Home Values and Household Income (from StatsCan's 2006 Census) for owner-occupied homes. Low Tax is defined as under \$157,000 in home value, Middle Tax as between \$157,000 and \$225,000 home value; High Tax as over \$200,000 in home values.

The relationship between income and home values is 22% out of 100%.



Transit Tax paid by Homes (2007)

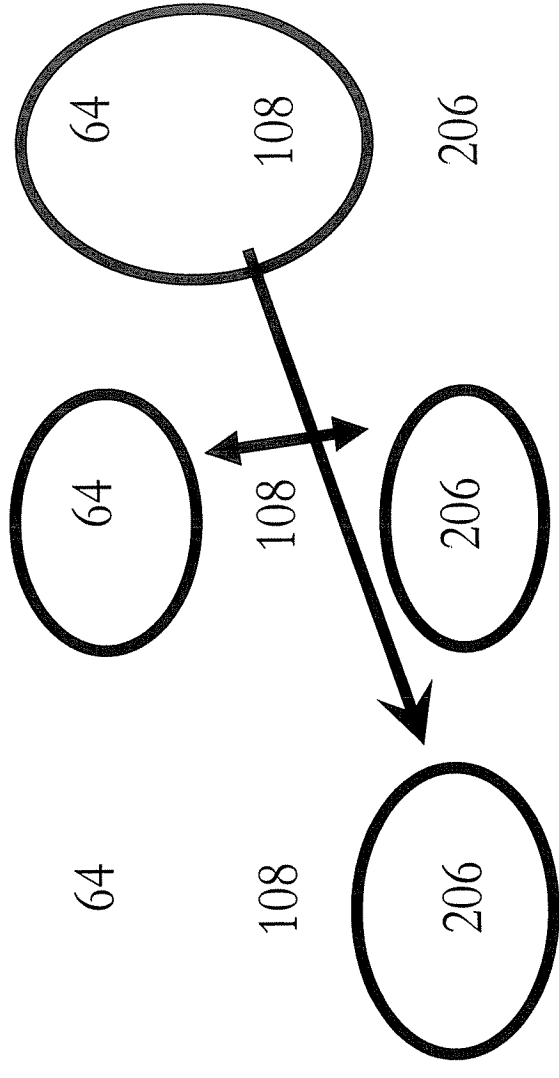
Estimates for 2007 using the urban tax rate for transit

	Low Income	Middle Income	High Income
	(under \$53,000)	(53k to 92k)	(over 92,000)

Low Tax

Middle Tax

High Tax



Based on 2006 Home Values and Household Income (from StatsCan's 2006 Census) for owner-occupied homes. Low Tax is defined as under \$157,000 in home value, Middle Tax as between \$157,000 and \$225,000 home value; High Tax as over \$200,000 in home values. Transit tax is calculated as the portion of the Urban General Tax Rate (7.7 cents/ \$100) applied to Metro Transit adjusted by estimated difference between home and assessed values.

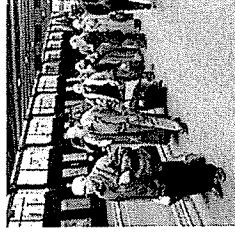
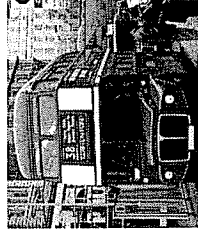
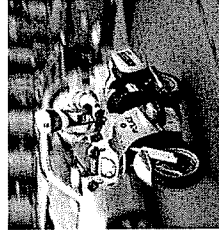
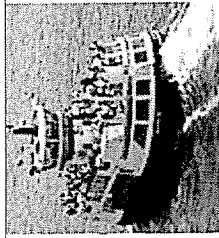
Approved Recommendation (Dec 16)

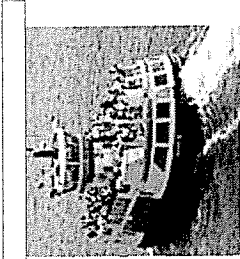
➤ Approve in principle that most of HRM benefits from transit service and that therefore

- Metro Link, Rural Express Transit and Ferries should be paid for largely by an area rate on dwelling units in the Urban Settlement and the Rural Commuter Shed designations, and,
- Local Transit routes should be funded by a single area rate on dwelling units paid by all properties within walking distance of transit service.

➤ And that the Draft 2009-2010 Budget should be developed upon this basis;

➤ And that staff return to Council with the proposed tax rates and services changes.



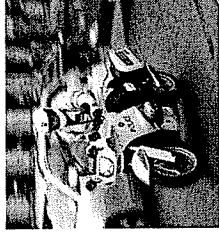
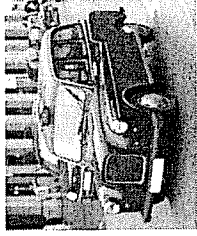


What Are General vs Area Rates?

Broad regional benefit

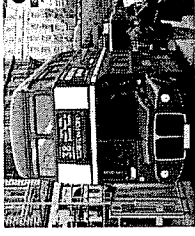
➤ General Tax Rate

- Means that all will pay regardless of whether they have access to transit service.
 - Could exclude some parts of the municipality
 - Often combined with other accounts for an overall surplus/deficit



➤ Area Tax Rate

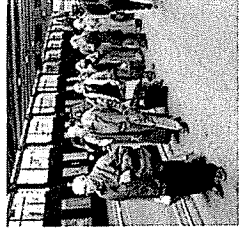
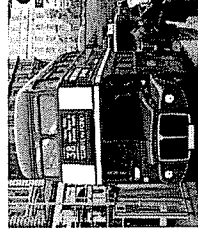
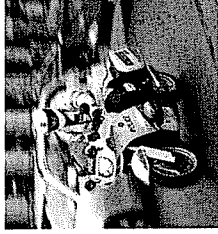
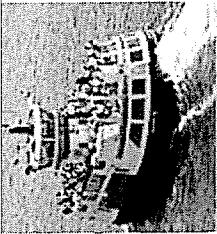
- Means that those in a specific area(s) will pay. Often means close access to service.
 - Can be very local in nature eg Recreation area rates
 - Could be HRM wide, eg Hydrant area rate
 - Separate account with its own surplus/deficit.



Local situations

The Options Developed

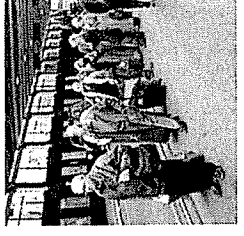
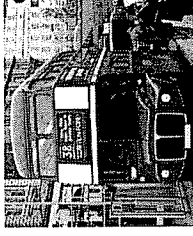
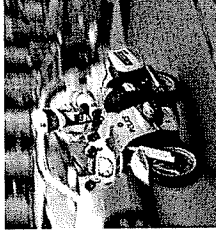
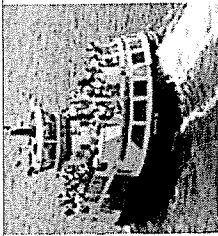
- 1 **Status Quo** until Tax Reform Committee reports
- 2 **General Tax Rate** using assessment
- 3 **General Tax Rate** using dwelling units
- 4 **One Area Tax Rate** using assessment
- 5 **One Area Tax Rate** using dwelling units
- 6 **Area Tax Rate (Local) and General Tax Rate (Regional)**
using Assessment
using Dwelling Units
- 7 One Area Rate/ Four General Tax Rates
- 8 One Area Rate/ One General Tax Rate with Multi-Units at 60% of Homes
- 9 One Area Rate/ One General Tax Rate with Multi-Units at 50% of Homes
- 10 One Area Rate/ One General Tax Rate with Multi-Units at 50% of Homes.
Local Tax rate includes 25% of Regional Transit costs



Impact of Options

Average Transit Tax per Single Family Home

1	Status Quo until Tax Reform Committee reports	206
2	General Tax Rate using assessment	206
3	General Tax Rate using dwelling units	188
4	One Area Tax Rate using assessment	193
5	One Area Tax Rate using dwelling units	169
6	Area Tax Rate (Local) and General Tax Rate (Regional) using Assessment	194
7	using Dwelling Units One Area Rate/ Four General Tax Rates	177
8	One Area Rate/ One General Tax Rate with Multi-Units at 60% of Home	172
9	One Area Rate/ One General Tax Rate with Multi-Units at 50% of Home	185
10	One Area Rate/ One General Tax Rate with Multi-Units at 50% of Homes. Local Tax rate includes 25% of Regional Transit costs	188



Recommended Tax Rates

	Urban	Suburban	Rural
Current Tax Rates	83.3 Cents	73.0 Cents	72.4 Cents
Less:			
1. Metro Transit (incl Debt Charges)	8.6 Cents	na	na
2. Ferry Reserve, Other (\$2.1m)	0.5 Cents	0.5 Cents	0.5 Cents
3. Capital from Operating (\$9.8m)	2.2 Cents	2.2 Cents	2.2 Cents
4. Revised Commercial Share	<u>1.8 Cents</u>	<u>1.8 Cents</u>	<u>1.8 Cents</u>
Sub-Total	13.1 Cents	4.5 Cents	4.5 Cents

Revised Tax Rates

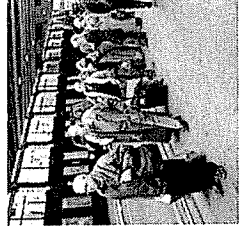
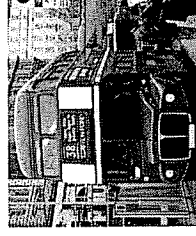
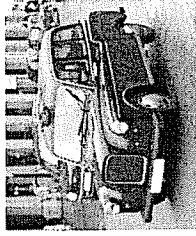
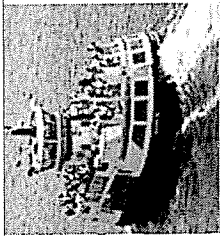
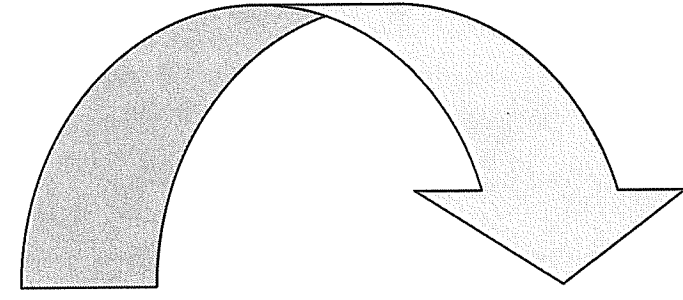
70.2 Cents	68.5 Cents	67.9 Cents
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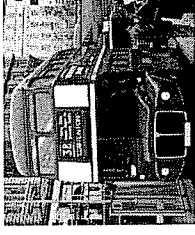
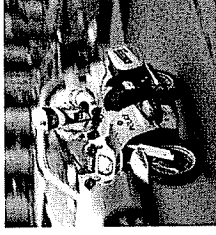
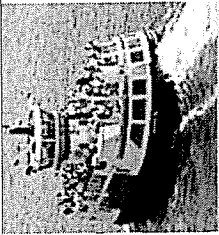
Regional Transit Rate

\$42 per Home, \$21 per apartment/condo unit. On all properties in or next to the Regional Center and the CommuterShed.

Local Transit Rate

\$214 per Home, \$107 per apartment/condo unit.
On properties within 1 km of a transit stop.

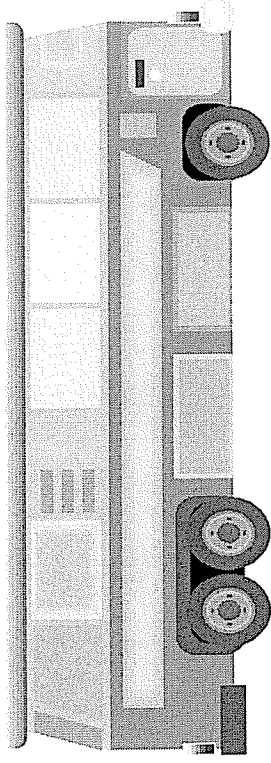




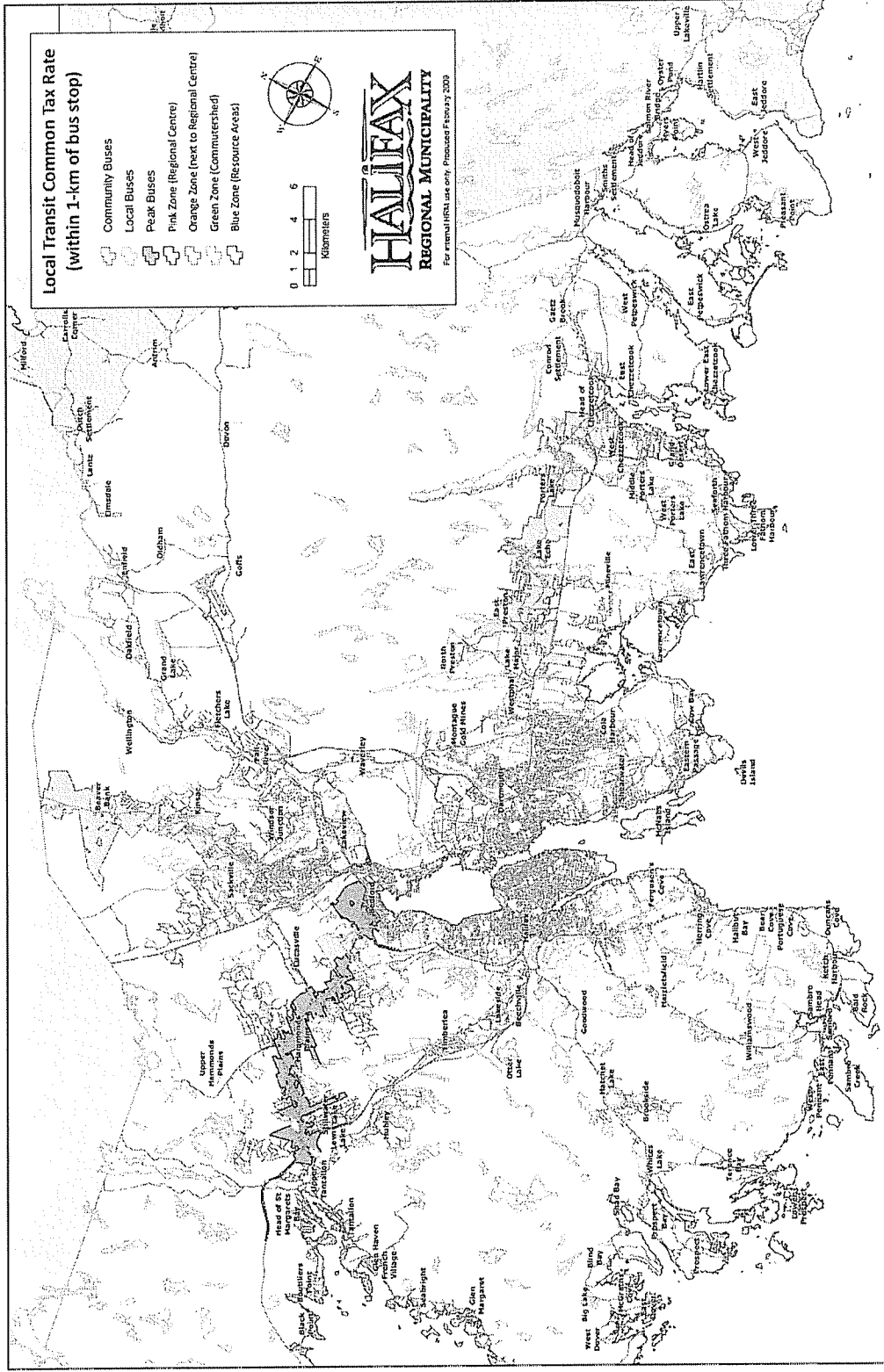
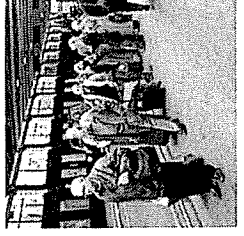
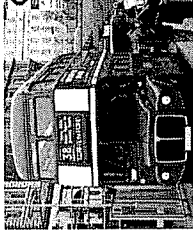
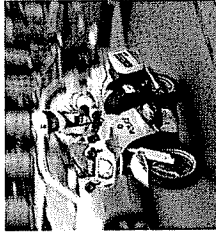
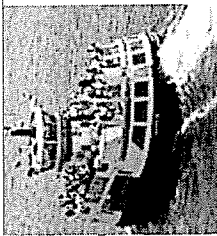
Local Transit – Area Tax Rate

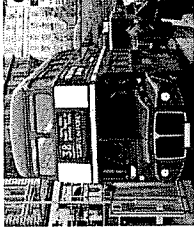
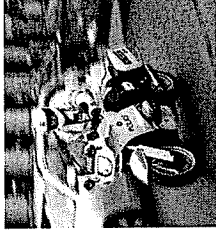
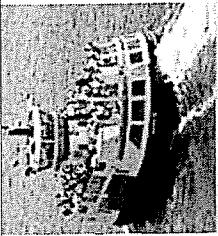
➤ **Dwelling Unit Tax of \$214** on any home within walking distance (1 km) of a local transit stop.

- All communities will have the same tax rate.
- For Metro and Community Transit
 - Excludes MetroLink, MetroX, Ferries
- Lower rate for multi-unit buildings of \$107.
- Could use “trial” rate for new service



Local Transit Routes





Regional Transit Tax Rate

➤ Regional Transit – Dwelling Unit Tax

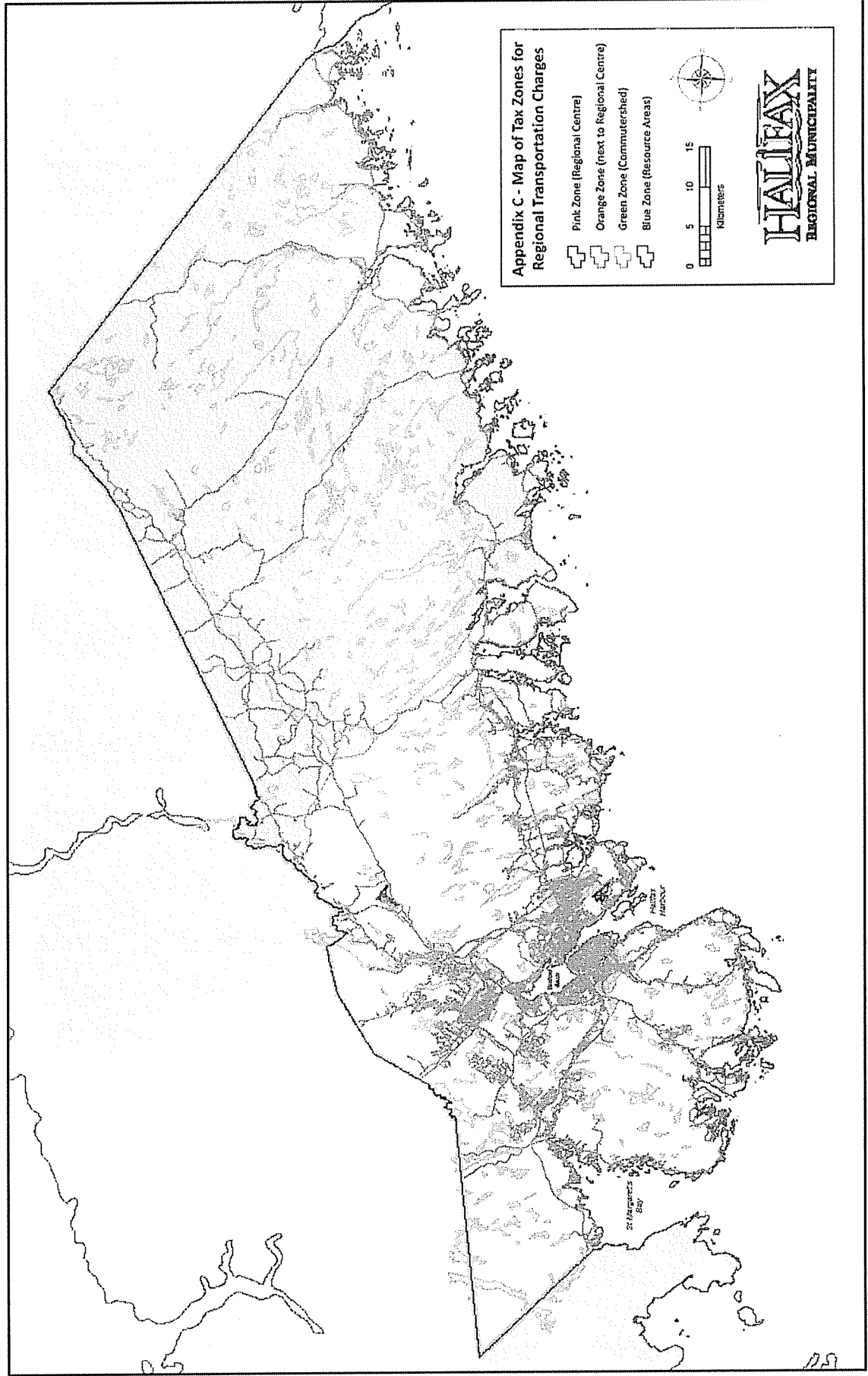
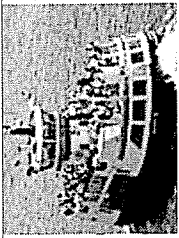
- Pays for Metro Link, Ferries, Rural Express Transit

➤ Tax Rate based on Regional Plan boundaries

- Tax rate of \$42 for in and around Regional Center, Commuter Shed
 - No Tax Rate on Resource Area for Regional Transit
- Lower rate for multi-unit buildings of \$21.

The Original Four Tax Zones for Regional Transit

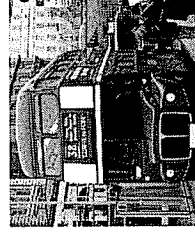
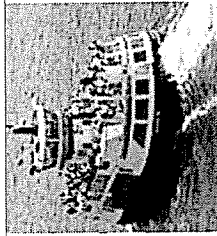
Based on Regional Planning Future Land Use Map (GFLUM)



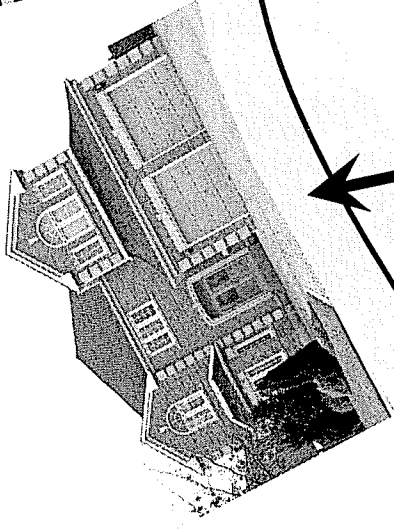
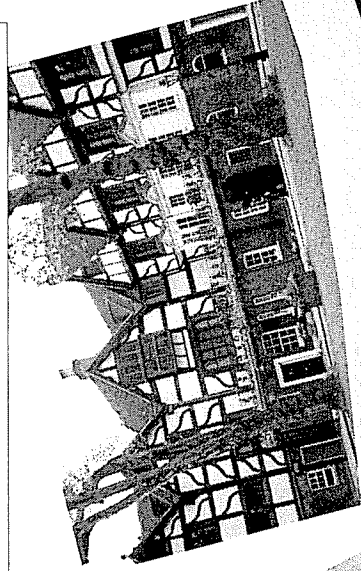
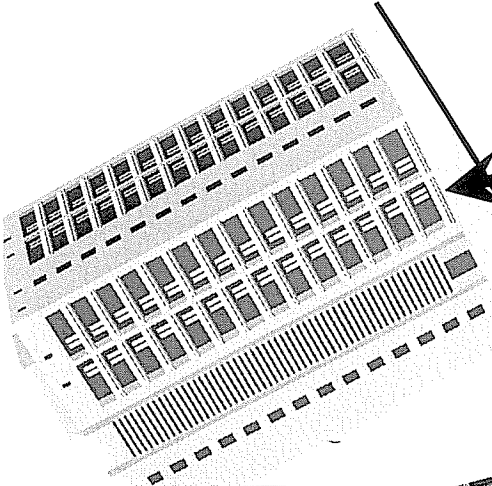
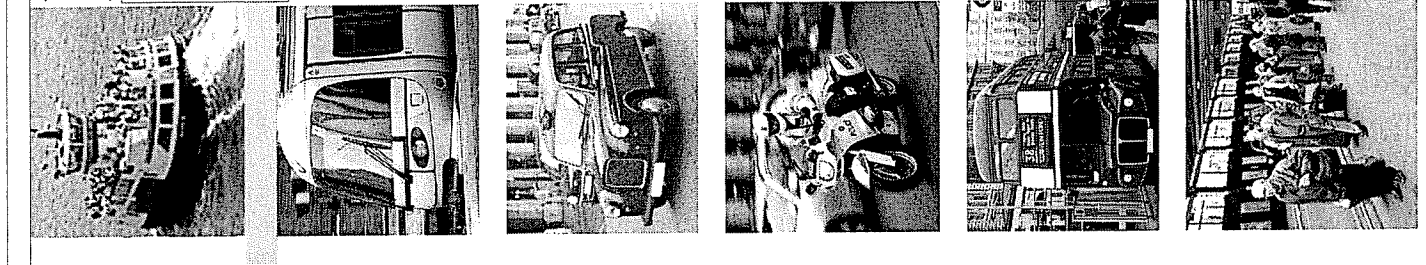
Impact of New Approach

	Current Transit Tax - 2009	New Approach (Option 9)	Change
Single Family Homes	206	185	-21
- Low Income Homeowners	124	145	21
- Waterfront Properties	172	80	-92
Mobile Homes	36	94	58
Condominiums	207	126	-81
Homes with Basement Apartments	128	116	-12
Small Apartments (3-6 units)	101	125	23
Large Apartments (7+ units)	75	127	52

Note: Low Income amount is preliminary estimate and will be adjusted



Equity, Transparency, Stability, Competitiveness, Simplicity

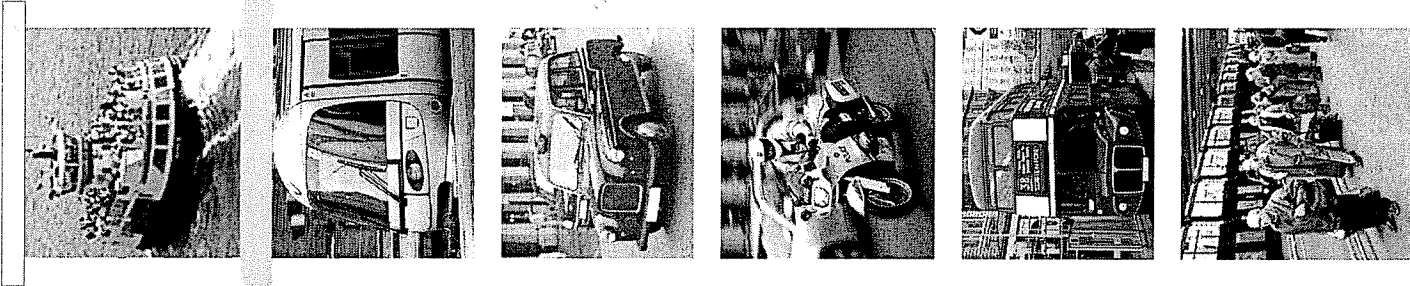


Is it a Condo or an Apartment?
Condos - Higher Assessment
Apartments - No Cap!

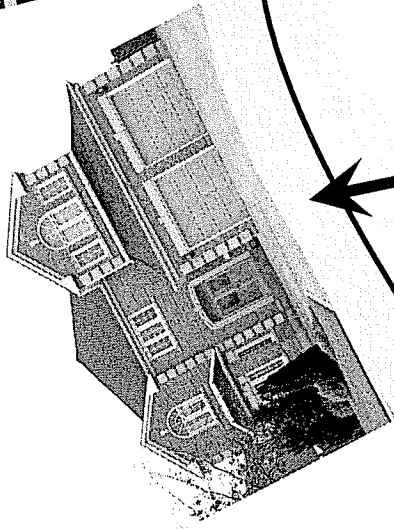
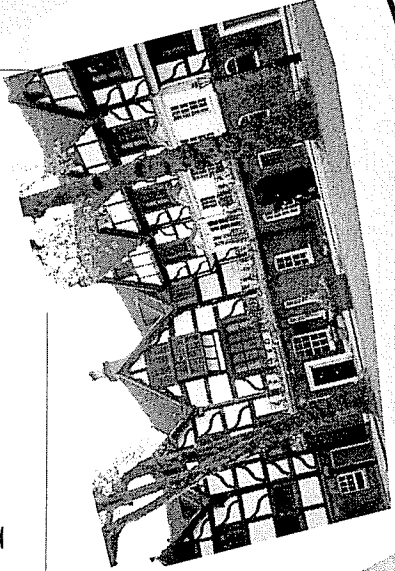
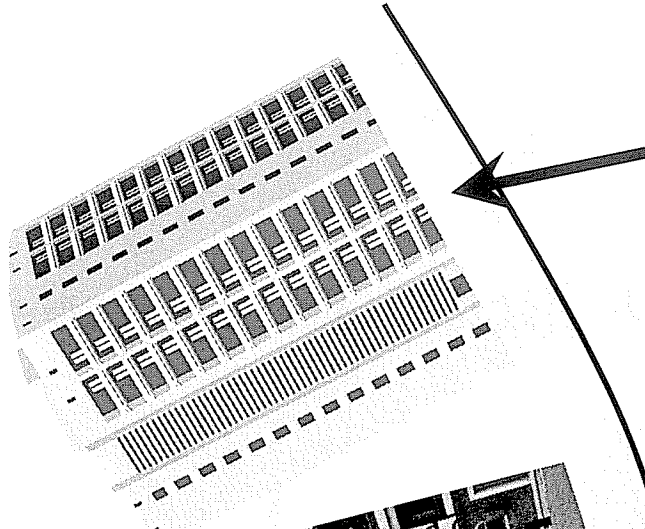
Value of Home: \$157,000
Tax Rate: 13.1 cents per \$100
Tax Bill of: \$206

Value of Home: \$232,000
Tax Rate: 13.1 cents per \$100
Tax Bill of: \$304

Inconsistent



Equity, Transparency, Stability, Competitiveness, Simplicity



Is it a Condo or an Apartment?
Tax Bill of \$128 per unit

Tax Bill of \$256

Tax Bill of \$256

Consistent

Next Steps

- April 28th – Budget Tabled
- May – Budget Debate, Tax Rates voted on

